February 14, 2024

USDA Stand-Alone Mortgage Recovery Advance (MRA) Ratio Waiver

With the current market trends of rising interest rates, the Single-Family Housing Guaranteed Loan Program (SFHGLP) Rural Development recognizes that current regulatory requirements are impacting our servicer's ability to provide effective loss mitigation, resulting in adverse outcomes for distressed homeowners in need of servicing relief. We are pleased to announce a Stand-Alone MRA ratio waiver; to remove the 55 percent and 31 percent limitations from the requirements in the regulation for the Stand-Alone MRA.

Since the Stand-Alone MRA is being used to solely cure the arrearage and allow the borrower to continue their current contractual payment, this will give the borrower's an opportunity to regain a current mortgage payment status and start making the contractual payments they originally qualified for, and were able to maintain, prior to experiencing their hardship.

The waiver is applicable for the two regulatory requirements below:

- 7 CFR Part 3555.304 (b) (1) The borrower's total debt to income ratio following the special loan servicing must not exceed 55 percent.
- CFR Part 3555.304 (d) (2) If the borrower's total monthly mortgage payment is less than 31 percent of gross monthly income prior to an extended term loan modification, the mortgage recovery advance can be used to cure the borrower's delinquency without changing the terms of the promissory note.

Servicers should adhere to all other guidelines in the 7CFR Part 3555 and the Loss Mitigation Guide located in Chapter 18 of the HB-1-3555 SFH Guaranteed Loan Program Technical Handbook.

This waiver applies only to the Stand-Alone MRA and will remain in effect until rescinded by the USDA or a permanent policy change is made adjusting the requirements.